



City of Torrance

Water Rate Presentation

City Council Meeting December 14, 2010

Current Situation

- No Internal Rate Increase Since 1995 to fund system maintenance and capital improvements
- Only Increases-Pass Through Adjustments to Offset Higher Water Supply Costs
- Continuing Decline in Water Sales and Reduced Sales Revenues

Water Rate Study/Rate Design Process

- Step 1 – Financial Planning
- Step 2- Establish Cost of Service
- Step 3- Rate Design and Rate Structure

Water Rate Recommendations

- Five Year Rate Adjustment Proposal 2011- 2015

Commodity (Quantity) Adjustment

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Internal Increase	6.5 %	6.5%	CPI	CPI	CPI
Pass Through (Water Cost)	4 %	TBD	TBD	TBD	TBD

- Adjustments to Fixed Meter Charges based on COS
- Conservation based Tiered Rate Structure
- Revise Pass Through Mechanism in accordance with Rate Model

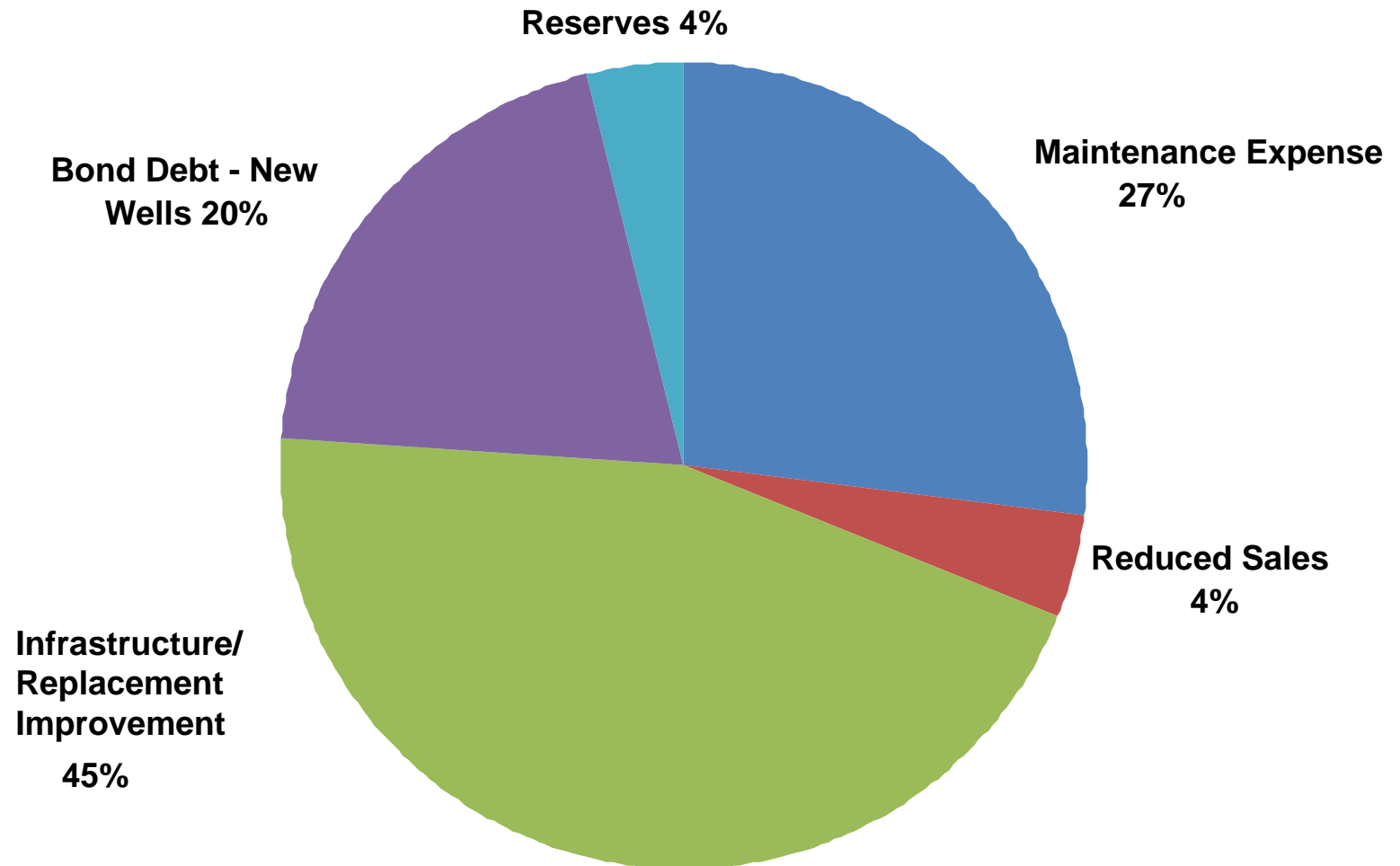
Proposed 2011 Rates

(1st year 6.5% Internal Increase + 4% Pass-Through)

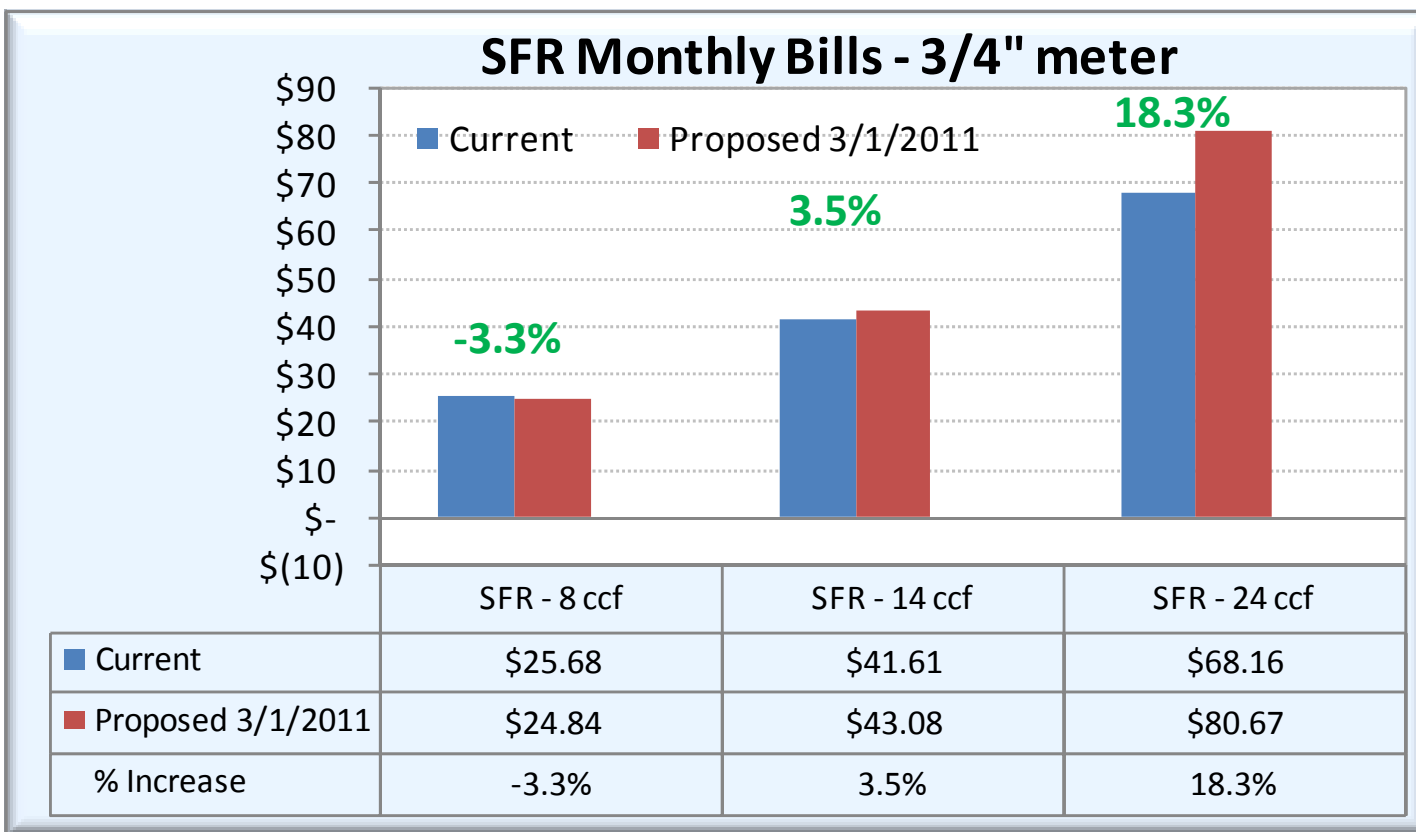
Single Family	Monthly Use ccf	Current Commodity \$ 2.655/ccf	Proposed Internal \$ ccf	Pass Through \$/ccf	Total Proposed \$/ccf
Tier 1	8		\$ 2.33	\$ 0.12	\$ 2.45
Tier 2	14		\$ 2.92	\$ 0.12	\$ 3.04
Tier 3	24		\$ 3.64	\$ 0.12	\$ 3.76
Tier 4	25 and Over		\$ 4.52	\$0.12	\$ 4.64
Other Customers					
Tier 1	10		\$ 2.33	\$ 0.12	\$ 2.45
Tier 2	11 and Over		\$ 2.97	\$0.12	\$ 3.09

*Low Income Senior and Disabled Rate also remains in Effect

Allocation of Internal Rate Increase



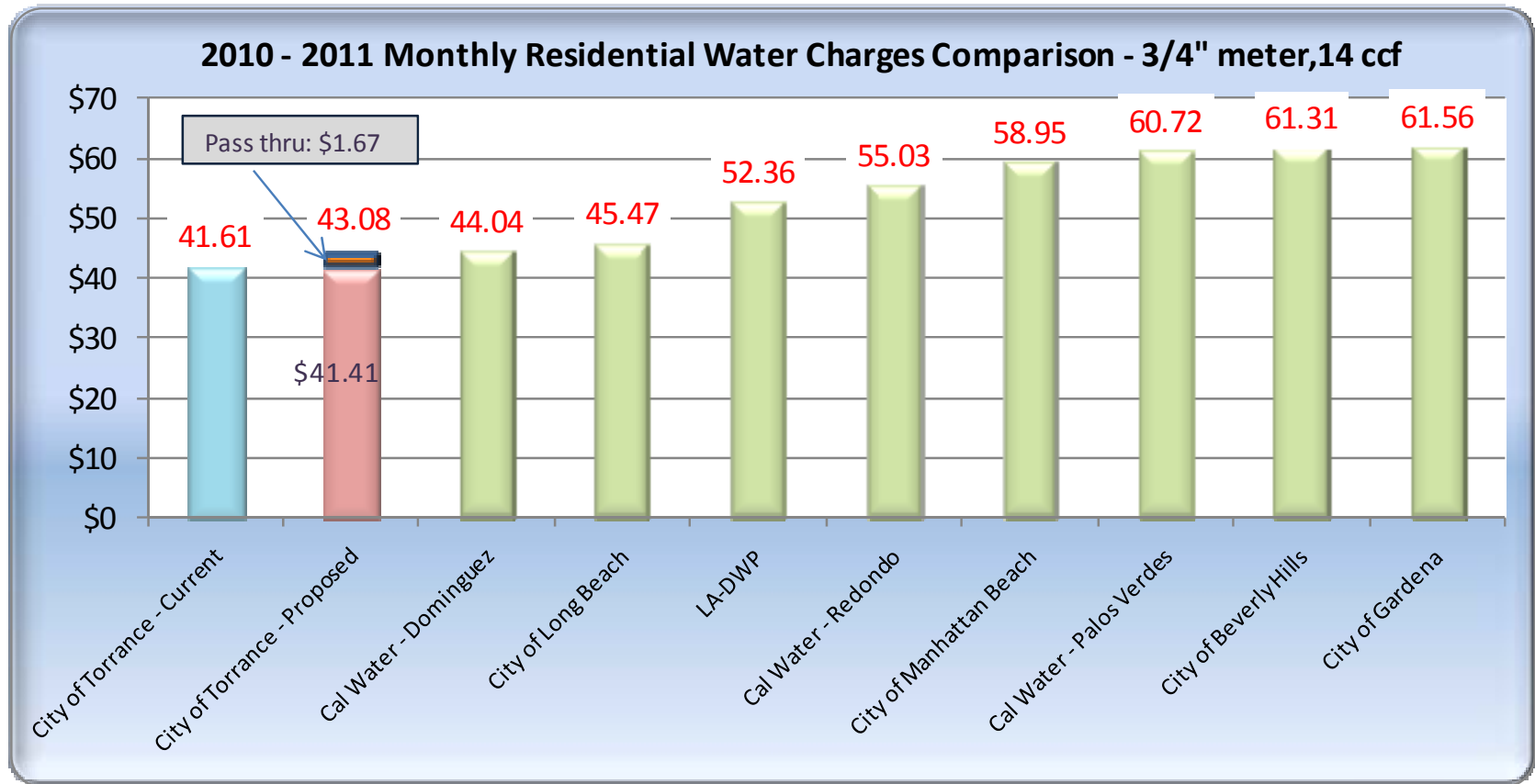
Single Family Residence Monthly Bills



Monthly Bills with pass through

Comparison of Water Rate Charges

(Proposed Effective 3-1-11)



* City of Torrance Proposed Rates are based on 6.5% internal and pass through increase

Proposition 218 Process

- Public Notification Mailed to all TMW Water Customers
- Protest Ballot Included in Notification for Customers who wish to file Opposition to Increase
- If less than 50% of Customers file Protest, Water Rate Proposal may go forward
- Public Hearing on 2-15-11 for Council Decision on Rate Proposal
- If Council Approves New Rates Effective 3-1-11

